

What's In the Proposed Fiscal Year 2018 Budget for Homeless Services?

The proposed fiscal year (FY) 2018 budget provides \$253 million in funding for homeless services and housing dedicated to residents who have experienced homelessness, a 17 percent increase over the anticipated FY 2017 budget of \$201 million. (Unless stated otherwise, all figures are adjusted for inflation to equal FY 2018 dollars.)¹ This is the highest funding level ever, a recognition of the enormity of this challenge, and reflects new investments towards the [Strategic Plan](#) to end long-term homelessness by 2020. The Strategic Plan, developed by the Interagency Council on Homelessness (ICH), aims to make homelessness rare, brief, and non-recurring.

But the budget also falls far short of the needs outlined in the Strategic Plan. It provides too little housing to end chronic homelessness, too little support to help homeless families and youth, and too little long-term affordable housing for homeless residents who need it. As a result, homelessness will continue to be a highly visible problem in the District in FY 2018, and the homeless services system will face many challenges.

The increase in funding shows up in four broad categories of services:

- **The Homeless Services Continuum for Families and Individuals:** This includes shelter, the Homelessness Prevention Program (HPP), the Emergency Rental Assistance Program, Rapid Re-Housing (RRH), transitional housing and other

programs. Many of these services are delivered by providers who either contract with DHS directly or operate under the umbrella of The Community Partnership for the Prevention of Homelessness (TCP), an intermediary organization. The proposed budget includes \$46 million to fill a gap left by various one-time federal and local funding sources that are no longer available. The budget also includes \$6 million to make improvements in Continuum programs.

- **The Homeless Services Continuum for Youth:** This includes family mediation, emergency shelter beds, transitional housing, permanent supportive housing, and aftercare services which help youth maintain housing stability after exiting a program. Most of these services are delivered by providers who either contract with DHS directly or operate under the umbrella of TCP. The budget adds \$2.4 million for these services, growing by 32 percent in FY 2018.
- **Permanent Supportive Housing (PSH):** This provides long-term housing and intensive case management to residents who would otherwise have difficulty remaining housed. PSH helps people stay in housing and improve their health, which in turn saves a substantial amount of money. DC places some participants in apartments using rental subsidies, and others in buildings developed with District funding.² The budget adds \$3.7 million to serve more residents through PSH.

¹ The value of federally funded vouchers and DC capital costs are not included in this budget analysis.

² The proposed budget retains the \$3 million in recurring funding put in the FY 2016 budget to provide supportive services for the built PSH units coming online. It is difficult to

predict when these units will come online as construction can be unpredictable. DHS is confident the \$3 million will be sufficient to cover the units already occupied as well as the new units that will come online in FY 2018.

- **Targeted Affordable Housing (TAH):** This provides long-term affordable housing for formerly homeless residents, with no or minimal supportive services. TAH funding will grow 28 percent in FY 2018.

Budget Takes Steps to End Chronic Homelessness But Falls Short of the Need

A large number of single adults in DC are chronically homeless, meaning they have been homeless for a long time and suffer from life-threatening health conditions and/or severe mental illness. Additionally, about 40 families experience chronic homelessness at a given point in time. (See **Budget Makes Investments in Family Housing Programs** below.) For single adults, the proposed budget makes new investments, but not enough to put DC on track to end chronic homelessness.

- The proposed budget adds \$2.7 million to provide Permanent Supportive Housing (PSH) to 162 individuals. This funding only meets 30 percent of what is needed to end chronic homelessness.
- The budget adds no new funds to assist individuals through Rapid Re-Housing. RRH provides housing search assistance, supportive services, and short-term rental assistance for generally up to 12 months. The program aims to move residents out of shelter as quickly as possible, which in turn allows more residents to access emergency shelter. The goal was to add \$3.7 million in FY 2018 to meet one third of the RRH needed to end chronic homelessness.
- The budget includes \$1.3 million for Targeted Affordable Housing (TAH) for 100 individuals. TAH helps residents who need help paying rent after their Rapid Re-Housing ends or who no longer need the intensive services provided by PSH but still need help to afford housing.

SUMMARY

The proposed fiscal year (FY) 2018 budget provides a total of \$253 million in funding for homeless services and housing dedicated to residents who have experienced homelessness, a 17 percent increase over the anticipated FY 2017 budget of \$201 million.

While this budget makes much needed investments, it falls far short of what is needed to end long term homelessness in DC. Investments include:

- Filling a large gap in the Homeless Services Continuum for families left by the lack of annual federal and federal carryover funding relied on in past years; Adding 130 Rapid Re-Housing (RRH) slots for families; Adding funding to the Permanent Supportive Housing (PSH) budget to house 100 more single adults, but this is only 30 percent of what is needed to end chronic homelessness.
- Extending Targeted Affordable Housing (TAH) to 100 more single adults. The goal was to have 50% of the TAH needed to end chronic homelessness funded in FY 2018. This represents just 12% of the needed TAH.
- Expanding PSH to 117 new families and TAH to 85 families, this represents just 40% of the FY 2018 need.
- Adding \$2.4 million for programs for homeless youth.

The budget also includes changes in homelessness prevention efforts to save money and better meet families' needs.

Recognizing implementation challenges, it was recognized that the full number of TAH slots could not be implemented in one year and the hope was to split between FYs 2018 and 2019. But the proposed budget only meets 24 percent of the units needed for the FY 2018 goal.

Budget Makes Investments in Family Programs, But Fails to Hit FY 2018 Targets

The proposed FY 2018 budget includes \$3.8 million to add 130 new Rapid Re-Housing (RRH) slots for families. The proposed budget also adds

\$3.8 million for 117 Permanent Supportive Housing (PSH) units and \$1.7 million for 85 Targeted Affordable Housing (TAH) units.

The actual need is difficult to measure based on existing information, but based on the original modeling included in the Strategic Plan, these investments meet only about 40 percent of the PSH and TAH needed in FY 2018 to meet the Plan’s goals.

Expanding Services for Unaccompanied Homeless Youth without Children

Many youth who are experiencing homelessness do so without their parents or guardians and do not have children of their own. These “unaccompanied” homeless youth fall into two broad categories: those under age 18 and those who are 18 to 24 years old. In DC, youth under age 18 can only access housing and shelter dedicated to this population. Older youth, often called transition-aged youth (TAY), can access both TAY programs and adult housing and shelter.

The total FY 2018 budget for unaccompanied homeless youth is \$10 million, a 32 percent increase from the FY 2017 budget. This is smaller than the 40 percent increase included in the FY 2017 budget. The increased funding in FY 2018 will allow the District to increase shelter and transitional housing beds. It will also allow for the creation of an aftercare program for formerly homeless youth, as well as the host family or friends, to ensure that the housing placement is stable. This program will provide individually tailored services but can include conflict mediation and referrals to mental health and other services.

This increase, while notable, reflects only modest progress toward DC’s goal of ending youth homelessness. In December 2016, the Interagency Council on Homelessness adopted a 5-year plan to end youth homelessness. The proposed FY 2018 budget adds \$2.4 million toward this goal,

covering less than half of the \$5.7 million first-year cost.

For the First Time in Years, Family Shelters Are Fully Funded

The FY 2018 proposed budget adds \$46 million in local dollars to ensure the family shelter budget is sufficient to meet the need. Since at least FY 2013, the District has started the year with an approved shelter budget—which includes shelters and motel rooms when shelters are full—that was anticipated to be inadequate. The District used TANF funds or one-time transfers of local dollars to fill the gap in the middle of each fiscal year (*Table 1*, pg. 4). Those TANF funds are no longer available as the District is now investing all of its TANF funds in employment and other services.

The \$46 million newly appropriated funds includes \$30 million for shelters and \$16 million for motel rooms. Due to a variety of factors outlined below, the need for motel rooms will decrease over time (*Table 2*, pg. 5).

Progress Leading to Fewer Families in Shelter

It is anticipated that the need for motel rooms will go down as improvements to DC’s homeless services begin to yield success. Newly available data show that the District no longer faces a sharp spike in the number of families seeking shelter during hypothermia season, which in previous years had overwhelmed the shelter system. Additionally, the District has seen a reduced monthly rate of families entering shelter compared to last year (*Figure 1*, pg. 4), indicating that family homelessness problem may be leveling off, after dramatic increases between FY 2011 and FY 2015.

TABLE 1.

Funds Used to Fill Gaps in the Family Homelessness Budget

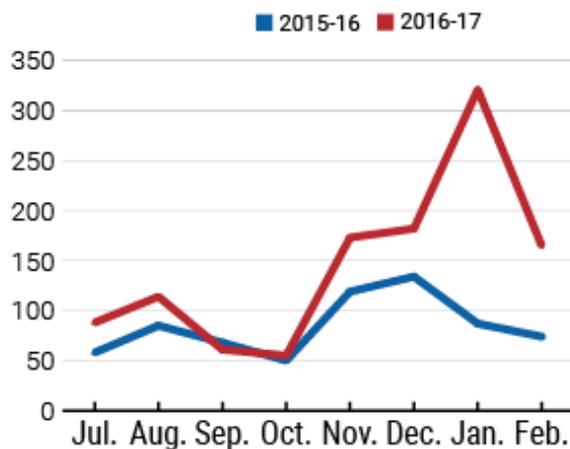
	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Anticipated	FY 2018 Proposed
TANF	\$6.4	\$10.8	\$12.3	\$43.0	\$50.0	--
Local one-time funding	--	--	--	--	\$6.0	--

Note: Figures are in millions and are not adjusted for inflation.

Sources: "TANF Carryover," Mayor's Budget Office, April 4, 2017 and information provided by DHS.

FIGURE 1.

Fewer Families Came Into Shelter in FY 2017



Source: Department of Human Services

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This improvement is likely the result of several steps the District has implemented over the past two years:

- Helping Families Before They Have No Choice But Enter Shelter:** The District launched a family homelessness prevention program. (See **Changes to Homelessness Prevention Efforts** below.)

- Sheltering Families When They Need It:**

In summer 2015, the District began taking families into shelter year-round, rather than only during hypothermia season when residents have a legal right to shelter. This means the city can help families regain stability more quickly, in addition to making sure families stay out of dangerous situations, like living with an abuser. It also means that families don't waste limited resources paying for motel rooms and car rentals so they do not have to stay outside.

The previous policy also limited DHS's ability to pursue mediation efforts to re-connect homeless families with friends or relatives who had housed them, because families were worried they would not be able to access shelter if problems with their host later deteriorated outside of hypothermia season. It also made families reluctant to accept Rapid Re-Housing for fear they would not be able to return to shelter if they could not pay their rent when the Rapid Re-Housing subsidy ended. It also created a huge crush of families seeking shelter at the start of hypothermia season each year, overwhelming DC's capacity to effectively serve them. Virginia Williams Family Resource Center staff regularly worked into the early hours of the morning in order to assess the families that came in on any given hypothermic day.

- DC Has Increased the Pace of Helping Families Leave Shelter:** In 2016, DHS helped more than 1,200 families exit shelter, a 49 percent increase over 2014. This is important, because family well-being deteriorates more the longer they stay in shelter. Moving families out of shelter faster also helps the District accommodate new families needing shelter.

Additional Funding Added for Construction of New Family Shelters

The proposed budget adds \$50 million over the next four years to meet the expected costs of replacing the dilapidated DC General Family Shelter, and to replace apartment-style shelter units that were lost when a provider lost the lease for the building.

The budget also adds \$1.2 million to cover start-up costs of the three shelters that will come online in FY 2018—the shelters in Wards 4, 7, and 8.

Funding Added to Make Needed Improvements across the Homeless Services Continuum

The proposed FY 2018 budget adds \$6 million to make improvements in shelters, transitional housing, and Rapid Re-Housing programs, including adding additional case managers and services like janitorial and pest control. This funding will also allow for improvements to food provided at shelters for individuals. Right now,

the District pays \$1.50 per dinner served and the quality and amount of what is provided reflects this low cost. The new management contract with The Community Partnership for the Prevention of Homeless lays out strict requirements around food quality. Additionally, these funds allow for the expansion of hours at shelters for individuals. Currently these shelters are open 7 pm to 7 am. Shelters will now open at 5 pm and close at 9 am. Clients will have more time to access case management as well as get more hours of sleep.

Changes to Homelessness Prevention Efforts

The FY 2018 budget reflects a shift in homelessness prevention efforts, reducing a program that pays rent arrears and other costs for residents facing eviction, and increasing a program that provides a variety of services to families at risk of homelessness.

- The family Homelessness Prevention Program (HPP), started in 2016, identifies families most at risk of entering shelter and provides a variety of services, such as connecting a parent with employment services or tenant-landlord mediation. Some families also receive limited financial assistance to pay for rental arrearages or other items that can help them avoid homelessness, such as clothing needed for a job.
- Emergency Rental Assistance Program (ERAP) helps residents facing eviction pay for overdue rent and related legal costs. The program also provides security

TABLE 2.

Spending on Motel Rooms Decreasing

FY 2015 Actual	FY 2016 Actual	FY 2017 Anticipated	FY 2018 Proposed	FY 2019 Anticipated	FY 2020 Anticipated
\$12.3	\$30.7	\$26 to \$29	\$16.0	\$5.5	--

Note: Figures are in millions and are not adjusted for inflation.

Sources: “TANF Carryover,” Mayor’s Budget Office, April 4, 2017 and DHS slides for the Fair Budget Coalition budget briefing on April 13, 2017.

Federal Funding through the Continuum of Care Program Competition

Each year the federal government allocates funding through the U.S. Department of Housing and Urban Development (HUD) Continuum of Care (CoC) Program Competition to communities across the country. This funding is to assist individuals (including unaccompanied youth) and families experiencing homelessness and to provide the services needed to help such individuals move into transitional and permanent housing, with the goal of long-term stability.

Communities choose a CoC Lead Agency, a government agency or nonprofit organization, to manage the application process, disburse funding to providers, and monitor performance. In the District, The Community Partnership (TCP) for the Prevention of Homelessness, a nonprofit organization, acts as the District's CoC Lead Agency. As CoC funding goes directly to TCP from the federal government and does not go through the District budget, this funding does not appear in the Homeless Services budget. Additionally, these funds are awarded at different times each year and do not neatly line up with the District's fiscal year so are not counted in our year to year analysis.

In December 2016, DC was awarded nearly \$21.2 million in the CoC Competition. This includes \$1 million in new funding for a Rapid Re-Housing Project for transition-aged youth (TAY). HUD did not renew funding for 2 transitional housing programs, one that served adults and one that served youth that were ranked low because of poor performance.

deposits and first month's rent for residents moving into new homes.

While both programs are important, HPP has several strengths. HPP funds can be used very flexibly, beyond ERAP's focus on direct payment of housing costs. In addition, HPP provides ongoing case management support, but ERAP does not. Finally, HPP is less expensive than ERAP—\$557 per client compared with \$3,024 for ERAP.

HPP has been very successful in preventing families from needing to enter shelter. It has helped prevent homelessness for 2,225 families in FY 2016 and at least 871 families in the first 4 to 5 months of FY 2017. The program is extremely cost effective as just one month in shelter costs \$3,500.

The proposed FY 2018 budget adds \$500,000 to HPP, bringing the total budget to \$3.5 million. The District will use these new funds to serve 900 additional families who have received Emergency Rental Assistance Program (ERAP) multiple times in recent years and that the agency believes would be better served by HPP.

To reflect this shift of 900 families to HPP, the ERAP budget will decrease \$2.7 million, a 32 percent reduction from FY 2017. This budget will allow ERAP to serve about 1,650 households. When combined with the families shifted over to HPP, the same number of households will be served in FY 2018.

Free Birth Certificates for Homeless Residents

The FY 2017 budget included funding for a new program so that homeless residents can obtain DC birth certificates for free. Birth certificates are required to get a photo ID, which are usually required for housing and employment as well as for accessing services and many government buildings. Residents experiencing homelessness can lose their IDs because they are moving around frequently and have no safe place to store them, or due to theft. The \$23 cost of a birth certificate can be out of reach for homeless adults,

especially single adults, most of whom receive no regular income.³

While the FY 2017 budget appeared to include funding for free birth certificates for these residents, it is not clear if sufficient funding has been allocated. This analysis will be updated as

information becomes available. DCFPI and other partners will be advocating to add funding to the FY 2018 budget if needed.

³ The Community Partnership for the Prevention of Homelessness. The 2016 Point in Time Enumeration.

<http://www.community-partnership.org/facts-and-figures>